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ABSTRACT

Concise background information on the People's Republic of China is provided. The publication begins with a profile of the country, outlining the people, geography, economy, and membership in international organizations. The bulk of the document then discusses in more detail China's people, geography, history, government, education, economy, and foreign relations; U.S.-China relations are specifically examined. Taiwan is discussed. A map of China is provided. Charts list the Chinese dynasties, the principal Chinese government and party officials, China's top 50 trading partners, and useful China-related addresses, e.g., Chinese foreign trade contacts, travel contacts, and cultural exchange groups. Statistical information is provided concerning the economy, the 1982 commodities composition, Chinese trade by areas and selected countries, and transportation and telecommunications. The Pinyin system of romanization is discussed, and travel notes are provided. A selected bibliography concludes the publication. (RM)

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background notes

China

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December 1983

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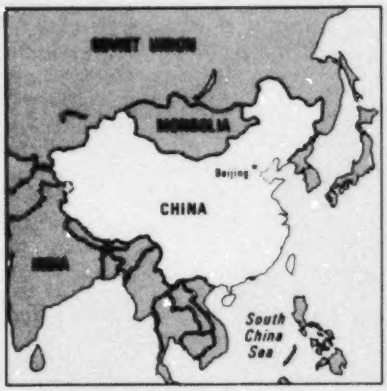

Official Name: People's Republic of China

PROFILE

People

Noun and adjective: Chinese (sing. and pl.) **Population** (1982): Just over 1.008 billion. **Annual growth rate** (1982): 1.5%. **Ethnic groups**: Han Chinese, 93.3%; others include Zhuang, Uygur, Hui, Yi, Tibetan, Miao, Manchu, Mongol, Buyi, Korean. **Religions**: Officially atheist, but there are Muslims, Buddhists, Lamaists, Christians, and adherents to Chinese folk religions (varying amalgams of Buddhism, Confucianism, Daoism, and ancestor worship). **Language**: Standard Chinese (Putonghua) or Mandarin (based on the Beijing dialect). **Education**: *Years compulsory*—5; 1990 goal is universal elementary school education. *First grade enrollment*—93%. *Literacy*—over 75%. **Life expectancy**—68. **Work force** (447.1 million): *Agriculture*—74.4%. *Industry and commerce*—15.1%. *Other*—10.6%.

Geography

Area: 9.6 million sq. km. (3.7 million sq. mi.); US is 9.3 million sq. km. **Land**: *Agricultural*—11%. *Forest and woodland*—12.7%. **Cities**: *Capital*—Beijing (pop. 5.6 million). *Other cities*—Shanghai (6.3 million), Tianjin (5.1 million), Guangzhou (3.1 million), Shenyang (4 million), Wuhan (3.2 million), Chengdu (2.5 million). **Terrain**: Varied. **Climate**: Varied continental.

Government

Type: People's republic. **Constitution**: 1982 (earlier versions: 1954, 1975, 1978). **Established**: October 1, 1949. **Party Congresses**: 1956 (8th), 1969 (9th), 1973 (10th), 1977 (11th), 1982 (12th). **National People's Congresses**: 1954 (1st), 1958 (2d), 1964 (3d), 1975 (4th), 1978 (5th), and 1983 (6th).

Administrative subdivisions: 21 provinces, 5 autonomous regions, 3 special municipalities.

Political parties: Chinese Communist Party, about 40 million members; 8 minor parties. **Suffrage**: Universal over age 18.

Central government budget (1982): *Revenues*—$56.8 billion. *Expenditures*—$58.3 billion.

Defense (1982): 8%–9% of GNP (1982 est.).

National holidays: Spring Festival (Chinese New Year)—late January/early February, 4 days; May 1—International Socialist Workers' Day; October 1—National Day.

Flag: Five yellow stars, one large and four small, in the upper left corner of a red field.

Economy

GNP (1981): $301 billion. **Annual growth rate** (1980–82): 7.4%. **Per capita GNP** (1982): $298. **Avg. inflation rate** (1982 Chinese estimate): 2.2%.

Natural resources: Coal, iron, petroleum, mercury, tin, tungsten, antimony, manganese, molybdenum, vanadium, magnetite, aluminum, lead, zinc, uranium, world's largest hydroelectric potential.

Agriculture: *Products*—rice, wheat, other grains, cotton. *Arable land*—11%.

Industries: Iron, steel, coal, machinery, light industrial products, armaments, petroleum. **Gross value of industrial output** (1982): $294.2 billion. Heavy/light industry proportion is about equal.

Trade (1982): *Exports*—$23.5 billion: agricultural goods, textiles, light industrial products, nonferrous metals, petroleum, iron, steel, machine tools, and weapons. *Imports*—$20.8 billion: grain, chemical fertilizer, industrial raw materials, machinery and equipment. *Major markets*—Hong Kong, Japan, US, Singapore, FRG. *Major suppliers*—Japan, US, Hong Kong, FRG, Canada.

Average exchange rate (1982): 1.895 yuan = US$1.

Membership in International Organizations

UN and its specialized agencies, INMARSAT, INTELSAT, International Committee of the Red Cross, and others.

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BEST COPY

China
International boundary
Province-level boundary
National capital
Province-level capital
Railroad
Road
0 500 Kilometers
0 500 Miles
MONGOLIA
HEILONGJIANG
Harbin
Changchun
JILIN
NEI MONGOL
Shenyang
LIAONING
Hailar
Burqin
Urumqi
Korla
Kashi
XINJIANG
AFGH
Hohhot
Huang He
Baotou
Beijing
GANSU
Yinchuan
Shijiazhuang
Taiyuan
Golmud
Xining
QINGHAI
Lanzhou
Xi'an
SHAANXI
Jinan
SHANDONG
Yellow Sea
Zhengzhou
HENAN
XIZANG
Hefei
SICHUAN
Chengdu
Wuhan
HUBEI
Chang Jiang
Hangzhou
East China Sea
Lhasa
BHU
Chongqing
Changsha
Nanchang
HUNAN
JIANGXI
Guiyang
Xiamen
Tai-pei
Taiwan
Kao-hsiung
Kunming
YUNNAN
GUANGXI
GUANGDONG
Guangzhou (Canton)
Hong Kong (U.K.)
Macau (Port.)
Nanning
Zhanjiang
Hainan Dao
South China Sea
Luzon
PHILIPPINES
THAILAND
Bay of Bengal
Names and boundary representation are not necessarily authoritative.

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PEOPLE

China's population is just over 1 billion, based on a census conducted in 1982. Government authorities endorsed birth control in the 1950s, played it down in 1958, and began to promote it again in 1962. The present family planning program began in the early 1970s and has become more fully mobilized, with stricter guidelines, since 1979. Today, with family planning vigorously pursued, the target population growth rate of 1% may already have been attained in major cities but not in rural areas. Overall population growth dropped from 2.3% in 1973 to 1.5% in 1978. The Chinese Government is calling for a target family size of three and has introduced incentives to limit the number of children per family to one or two. The one-child family would bring about zero growth by the year 2000. Officials aim for a total population not to exceed 1.2 billion by that time.

By far the largest ethnic group is the Han Chinese, who constitute 93.3% of the total population. The remainder are concentrated mainly along the Chinese frontiers and include:

- Uygurs (5.96 million) and Hui (7.22 million) in the northwest;
- Hui, Mongols (3.41 million), Koreans (1.76 million), and Manchus (4.30 million) in the north and northeast;
- Zhuangs (13.3 million), Yi (5.4 million), and Miao (5.03 million) in the south; and
- Tibetans (3.9 million) in the far west and southwest.

The national language of China is "Putonghua" (standard Chinese), also known as Mandarin and based on the Beijing dialect. Other principal dialects include Cantonese, Shanghainese, Fujianese, and Hakka. Chinese is the only modern language written entirely in nonphonetic ideographs. Many peoples in China have their own languages, written in Roman, Arabic, or indigenous alphabets.

Religious activities have increased significantly in the past several years. More than 200 churches are said to be open. There are about 4 million Christians and more than 13 million Muslims in China, according to official estimates. More than several hundred mosques and many Buddhist and Lamaistic monasteries have been reopened. (Unofficial estimates for all of these activities are markedly higher than official figures.) Authorities are now permitting clerical training and domestic publication of Bibles, hymnals, and other religious works.

The Pinyin System of Romanization

On January 1, 1979, the Chinese Government officially adopted the "pinyin" system for spelling Chinese names and places in Roman letters. A system of romanization invented by the Chinese, pinyin has long been widely used in China on street and commercial signs as well as in elementary Chinese textbooks as an aid in learning Chinese characters. Variations of pinyin are also used as the written forms of several minority languages.

Pinyin has now replaced the familiar conventional spellings in China's English-language publications. The US Government has also adopted the pinyin system for all PRC names and places. For example, the capital of China is now spelled "Beijing" rather than "Peking."

In the pinyin system, letters are pronounced much as they would be in American English with the following exceptions.

Complex initial sounds

c—like the *t's* in *it's*
q—like the *ch* in *cheap*
x—between the *s* in *see* and the *sh* in *she*
z—like the *ds* in *lids*
zh—like the *j* in *just*

Final sounds

e—like the *oo* in *book*
eng—like the *ung* in *lung*
ai—as in *aisle*
ui—like the *ay* in *way*
uai—like the *wi* in *wide*
i—like the *i* in *skin**

*When zh, ch, sh, are followed by an *i*, the *i* is pronounced like an *r*.

GEOGRAPHY

The People's Republic of China, located in eastern Asia, is almost as large as the European Continent. It is the world's third largest country in total area, after the Soviet Union and Canada. Countries sharing its 24,000-kilometer (14,000-mi.) border include Korea, the U.S.S.R., Mongolia, Afghanistan, Pakistan, India, Nepal, Bhutan, Burma, Laos, and Vietnam. Hong Kong and Macau are on China's southern coastline.

Two-thirds of China's area is mountainous or semidesert; only about one-tenth is cultivated. Ninety percent of the people live on one-sixth of the land, primarily in the fertile plains and deltas of the east.

The country lies almost entirely in the temperate zone. Only portions of the southernmost area—Yunnan and Guangdong Provinces and the Guangxi Zhuang Autonomous Region—are within the tropics. The climate is heavily affected by the regional monsoon. Summers are hot and humid throughout much of the country; winters are dry and unusually cool or cold for the given latitude. In summer, the heavy rains cause frequent floods.

HISTORY

Early History

China is the oldest continuous major world civilization, with records dating back about 3,500 years. Successive dynasties developed a unique system of bureaucratic control, which gave the agrarian-based Chinese an advantage over neighboring nomadic and hill cultures. Chinese civilization was further strengthened by the development of a Confucian state ideology and a common written language that bridged the gap between the country's many local languages and dialects. Whenever China was conquered by nomadic tribes, as it was by the Mongols in the 13th century, the conquerors quickly adopted the ways of the "higher" Chinese civilization and staffed the bureaucracy with Chinese.

In 1644, the nomadic Manchus overthrew the native Ming dynasty and established the Qing (Ch'ing) dynasty with Beijing as its capital. At great expense in blood and treasure, the Manchus gained control of many border areas over the next half century, including Xinjiang, Yunnan, Tibet, and Taiwan. The impressive success of the early Qing period was based on the combination of Manchu martial prowess and traditional Chinese bureaucratic skills.

During the 19th century, China experienced the challenge of Western commercial penetration, widespread social strife, economic stagnation, and explosive population growth. Following the Opium War (1840–42), Britain and other Western powers gained special privileges in five designated "treaty ports." The Taiping and Nian (Nien) rebellions, along with a Russian-supported Muslim separatist movement in Xinjiang, drained Chinese resources and almost toppled the dynasty. As time went on, the Western powers, wielding superior military technology, gained more economic and political privileges. Reformist Chinese officials argued for the adoption of Western technology to counter further Western advances, but the Qing court played down the Western

threat. Finally, China's defeat in 1895 by Japan, which had adopted Western technology and other elements of Western culture, shocked Chinese officialdom and some of the Qing court. The country embarked on a crash reformist program until the effort was stymied by conservative reaction in the Qing court. Anti-foreign and anti-Christian groups rampaged northern China in what became known as the Boxer Rebellion, which was eventually crushed by expeditionary forces of the foreign powers.

20th Century China

Frustrated by the Qing court's blocking of reform, young military officers and students—inspired by the revolutionary ideas of Sun Yat-sen—began to advocate the overthrow of the Qing dynasty and the establishment of a republic. A revolutionary military uprising on October 10, 1911, received reformist support and led to the abdication of the last Qing monarch. As part of a compromise to overthrow the dynasty without a civil war, the revolutionaries and reformers allowed high Qing officials to retain prominent positions in the new republic. One of these figures, General Yuan Shikai (Yuan Shih-k'ai), was chosen as the republic's first president. Before his death in 1916, Yuan unsuccessfully attempted to name himself emperor. In the aftermath, the republican government was all but shattered, ushering in the era of the "warlords" when China was ruled and ravaged by shifting coalitions of provincial military leaders.

In the 1920s, Sun Yat-sen established a revolutionary base in southern China and set out to unite the fragmented nation. With Soviet assistance, he organized his party, the Kuomintang (KMT or "Chinese Nationalist Party"), along Leninist lines and entered into a close alliance with the fledgling Chinese Communist Party (CCP). After Sun's death in 1925, one of his proteges, Chiang Kai-shek, seized control of the KMT and succeeded in bringing most of central China under its rule. In 1927, Chiang destroyed the CCP's party organization and executed many of its leaders. The remnants fled into the mountains of eastern China. Finally, driven out of their mountain bases in 1934, the CCP's forces embarked on a "long march" that took them across China's most desolate terrain to the northwest, where they established a guerrilla base at Yan'an in Shaanxi Province.

Travel Notes

The Chinese Government receives tens of thousands of visa requests annually from US citizens but cannot accommodate all of them because the number of hotels, interpreter-guides, and other facilities, although increasing, is still limited. According to Department of State estimates, more than 300,000 Americans have visited China since the beginning of 1982. Chinese travel to the US has also been extensive. In 1982, 5,547 Chinese official business representatives or delegates traveled to the US. This figure has been almost matched during the first 7 months of 1983.

Business visas are issued on the basis of an invitation from a Chinese foreign trade organization. Those who intend to visit China for business should correspond directly with the appropriate organization in China (such as the China National Machinery Import-Export Corporation). A list of foreign trade organizations is included in the U.S. Department of Commerce publication *Doing Business With China.*

Until recently, tourist visas were difficult to obtain except for members of a tour group. Since November 1982, 29 major Chinese urban and tourist centers have been opened to unrestricted travel. Since mid-1982, official policy toward individual travel has also been relaxed, so that a well-planned private trip is now feasible. However, Chinese language capability is recommended except for the most traveled areas. Persons interested in tourist travel should inquire at travel agencies and airlines that offer tours in China. Visas for tour members are usually obtained by the organization arranging the tour. To qualify for a visa, the individual traveler must write first to obtain a "letter of confirmation" from China International Service (Luxingshe), [Xidan Building, Beijing, China (tel. 522–033); New York address, 60 E. 42nd St. (tel. 212–367–0271)] or one must obtain an invitation from an individual or institution in China.

Tour members with special interests, such as visits to hospitals or universities, should notify the tour organizer to arrange for such visits. Persons transiting China must have in their possession a valid Chinese visa, even if they do not leave the aircraft. Otherwise, a $1,000 fine can be levied against them.

Persons in Hong Kong may take short tours to Guangzhou (Canton) and other locations in China. Space on these tours is sometimes available on short notice. Written inquiries may be sent to any of the various private travel agencies in Hong Kong.

During the long march, the communists reorganized under a new leader, Mao Zedong (Mao Tse-tung). The bitter struggle between the KMT and the CCP continued openly or clandestinely throughout the 14 years of Japanese invasion (1931–45), even though the two parties nominally formed a united front to oppose the Japanese invaders in 1937. The civil war between the two parties resumed after the Japanese defeat in 1945, and by 1949 the CCP occupied most of the country. Chiang Kai-shek fled with the remnants of his KMT government and military forces to Taiwan, where he proclaimed Taipei to be China's "provisional capital" and vowed to reconquer the Chinese mainland. The KMT authorities on Taiwan still call themselves the "Republic of China" and assert that they constitute the sole legal government of all China, including Taiwan.

The People's Republic of China

On October 1, 1949, Mao Zedong proclaimed the People's Republic of China in Beijing. The new government assumed control of a people exhausted by two generations of war and social conflict and an economy ravaged by high inflation and disrupted transportation. A new political and economic order modeled on the Soviet example was quickly installed.

In the early 1950s, China achieved impressive economic and social rehabilitation. The new leaders gained popular support by curbing inflation, restoring the economy, and rebuilding many war-damaged industrial plants. The CCP's authority reached into almost every phase of Chinese life. Party control was assured by strong, politically loyal security and military forces, a government apparatus responsive to party direction, and ranks of party members in labor, women's, and other mass organizations.

The Great Leap Forward and the Sino-Soviet Split

In 1958, Beijing broke with the Soviet model and announced a new economic program, the "Great Leap Forward," aimed at rapidly raising the industrial and agricultural production above the impressive gains already attained. Mao believed that latent potential could be tapped by industrial decentralization and a greater degree of collectivization of China's countryside. Giant cooperatives (communes) were formed and backyard factories dotted the Chinese landscape. The results were disastrous, as normal market mechanisms were disrupted and

China's people were exhausted producing shoddy, unsaleable goods. Within 1 year, the Chinese leadership retreated, blaming poor planning and the weather. Later, they also blamed the Soviets for economic sabotage.

The already strained Sino-Soviet relations deteriorated sharply in 1959 when the Soviets started to restrict the flow of scientific and technological information to China. The dispute escalated and the Soviets withdrew all of their personnel from China. In 1960, the Soviets and the Chinese began to spar openly over their ideological differences.

The Cultural Revolution

In the early 1960s, State President Liu Shaoqi and his protege, Party General Secretary Deng Xiaoping, took over direction of the party and adopted pragmatic economic policies at variance with Mao's revolutionary vision. In the spring of 1966, dissatisfied with the new policies, Party Chairman Mao launched the "Great Proletarian Cultural Revolution," rallying popular opposition to Liu and Deng. The result was political and social anarchy lasting for almost a decade. In the early stages of the cultural revolution, Mao and his "closest comrade in arms," People's Liberation Army (PLA) strongman Lin Biao, charged other top party and governmental leaders with dragging China back toward capitalism. Radical youth organizations called Red Guards attacked party and state organizations at all levels. Social disorder spread rapidly as political factions and special interest groups attempted to manipulate the situation. In reaction to the near anarchy, some local PLA commanders and other officials rhetorically supported Mao and the radicals while reining in excessive radical activity. Gradually, Red Guard and other radical activity subsided and the Chinese political situation reached a precarious equilibrium along complex factional lines. The leadership conflict took a new turn in September 1971 when, according to the official Chinese version, Party Vice Chairman and Defense Minister Lin Biao staged an abortive coup against Mao. In the aftermath, Lin allegedly died in a plane crash in Mongolia while trying to escape to the Soviet Union.

After the Lin Biao incident, many officials criticized and dismissed during the 1966–69 period were reinstated. Chief among these was Deng Xiaoping, who reemerged in 1973 and was confirmed in 1975 to the concurrent posts of Politburo Standing Committee member, PLA chief of staff, and vice premier. Deng and other veteran officials dominated the Fourth National People's Congress in January 1975. As Premier Zhou Enlai's health slipped, Deng acted as Zhou's alter ego.

The conflict between veteran officials and the radicals reemerged with a vengeance in late 1975. Mao's wife, Jiang Qing, and three close Cultural Revolution-era associates (later dubbed the "Gang of Four") launched a media campaign against Deng. When Zhou died in January 1976, it was assumed that Deng would take over the premiership. Instead, Minister of Public Security Hua Guofeng was named acting premier in February. On April 6, when the Beijing populace staged a spontaneous demonstration in Beijing's Tiananmen Square in Zhou's memory—with strong political overtones in support of Deng—the authorities forcibly suppressed the demonstration. Deng was blamed for the disorder and stripped of all official positions, although he retained his party membership.

Mao's Death and Present Directions

Mao's death in September 1976 removed a towering figure from Chinese politics and set off a scramble for succession. Hua Guofeng was quickly confirmed as party chairman and premier. A month after Mao's death, Hua, backed by the PLA, arrested Jiang Qing and other members of the "Gang of Four." After extensive deliberations, the CCP leadership reinstated Deng Xiaoping to all of his previous posts at the 11th Party Congress in August 1977. This symbolized the growing consolidation of control by veteran party officials strongly opposed to the radicalism of the previous two decades.

The post-11th Party Congress leadership has emphasized economic development and renounced the mass political movements of prior years. Important educational reforms were made in early 1978. At the pivotal December 1978 Third Plenum (of the 11th Central Committee), the leadership adopted new agrarian policies aimed at expanding rural income and incentives, endorsed experiments in enterprise economy, tempered central planning with economic regulation by market forces, and approved direct foreign investment in China. The Third Plenum also decided to push the pace of legal reform, culminating in the passage of several new legal codes by the National People's Congress in June 1979.

Since 1979, the Chinese leadership has moved toward more pragmatic positions in almost all fields. The party encouraged artists, writers, and journalists

The Chinese Dynasties

Xia (Hsia) Dynasty	c. 21st–18th centuries BC
Shang Dynasty	c. 16th century–1066 BC
Zhou (Chou) Dynasty	c. 1066–221 BC
Western Zhou (Chou)	c. 1066–771 BC
Eastern Zhou (Chou)	c. 770–256 BC
Spring and Autumn Period	772–481 BC
Warring States Period	403–221 BC
Qin Dynasty	221–206 BC
Han Dynasty	206 BC–AD 220
Six Dynasties	
Three Kingdoms Period	220–316
State of Wei	220–265
State of Shu	221–263
State of Wu	222–280
Western Jin (Tsin) Dynasty	265–316
Eastern Jin (Tsin) Dynasty and 16 States	304–439
Eastern Jin (Tsin)	317–420
16 States	304–439
Southern and Northern Dynasties	
Southern Dynasties	
Song (Sung)	420–429
Qi (Ch'i)	429–502
Liang	502–557
Chen (Ch'en)	557–589
Northern Dynasties	
Northern Wei	386–534
Eastern Wei	534–550
Northern Qi (Ch'i)	550–577
Western Wei	535–557
Northern Zhou (Chou)	557–581
Sui Dynasty	581–618
Tang (T'ang) Dynasty	618–907
Five Dynasties and 10 Kingdoms Period	902–979
Later Liang	907–923
Later Tang (T'ang)	923–936
Later Jin (Tsin)	936–946
Later Han	947–950
Later Zhou (Chou)	951–960
10 Kingdoms	902–979
Song (Sung) Dynasty	960–1279
Liao (Kitan) Dynasty	907–1125
Western Xia (Hsia) Dynasty	1032–1227
Jin (Nurchen) Dynasty	1115–1233
Yuan (Mongol) Dynasty	1279–1368
Ming Dynasty	1368–1644
Qing (Ch'ing or Manchu) Dynasty	1644–1911
Republic*	1912–1949
People's Republic established	1949

*The Taiwan authorities are recognized by about 23 countries as the "Republic of China."

to adopt more critical approaches, although open attacks on party authority were not permitted. Former Sichuan Party Chief Zhao Ziyang succeeded Hua Guofeng as premier in 1980. Zhao had established a record of pragmatic and forceful leadership in Sichuan. The Congress also took other personnel measures to strengthen governmental organization and loosen party control over routine decisionmaking at all levels. In late 1980, after a succession of earlier attacks on the Cultural Revolution, the period was officially proclaimed to have been a catastrophe.

Deng's efforts to institutionalize his policies advanced one more step when protege Hu Yaobang replaced Hua Guofeng as party chairman in June 1981. The trend continued at the 12th Party Congress in September 1982 as Deng appeared to benefit from internal party changes. The Congress also highlighted the importance of the economic modernization drive by adopting a goal of quadrupling the nation's gross national product (GNP) by the year 2000. Finally, the National People's Congress (NPC) in December 1982 adopted a new state constitution, the fourth since 1949. This new constitution replaces a much more leftist document promulgated in 1978 by the now-disgraced Hua Guofeng; it provides a legal framework for the ongoing reforms in China's social and economic institutions and practices.

GOVERNMENT

State Structure

The Chinese Government has always been subordinate to the CCP, its role being to implement party policies. The primary instruments of state power are the State Council, an executive body corresponding to a cabinet, and the NPC, a legislative body. Members of the State Council include a variable number of vice premiers (now 4), the heads of ministries (now 37 ministers), and the heads of other commissions and special agencies attached to the State Council.

Under the Chinese constitution, the NPC is theoretically the state's leading government body. It meets annually for about 2 weeks to review and pass on major new policy directions, laws, the budget, and major personnel changes. These initiatives are advanced to the NPC for consideration by the State Council after previous endorsement by the Central Committee. Although the NPC generally approves State Council policy and personnel recommendations various NPC committees hold active debate in closed sessions, and changes may be made to accommodate alternate views.

In late 1982, the Sixth NPC adopted a reformist-oriented new constitution and enacted a new 5-year plan keyed to Deng Xiaoping's economic modernization policies, moving China another step away from its Maoist past. The most recent session of this NPC, held in May–June 1983, was marked not by major innovations but rather by continued consolidation by the reformers of control of governmental institutions.

Chinese Communist Party

The 40-million member CCP, authoritarian in structure and intent, dominates virtually all sectors of national society. Nevertheless, China's geographical vastness and social diversity frustrate any attempt to rule China's 1 billion people by fiat from Beijing. Instead, party leaders rule by building consensus for new policies among party members, influential nonparty persons, and the population at large.

In periods of relative democratization, such as has been underway since 1978, the influence of persons and organizations outside the formal party structure tends to increase. Nevertheless, in all important government, economic, and cultural institutions in China, party committees work to guarantee that party and state policy guidance is followed and that nonparty persons do not mobilize to create autonomous organizations that could challenge CCP rule. Party control is tightest in government offices and in urban economic, industrial, and cultural settings. It is considerably looser in the rural and national minority areas, where 80% of the people live and work.

Theoretically, the highest body of the CCP is the Party Congress, which is supposed to meet at least once every 5 years. The most recent, the 12th Party Congress, met in September 1982. It adopted important policy and personnel changes and elected the 12th Party Central Committee, a body of about 210 full and 138 alternate members.

In terms of day-to-day power, the hierarchy of the CCP includes, in descending order of importance:

- The six-member Politburo Standing Committee;
- The Politburo, consisting of 24 full and 3 alternate members;
- The Party Secretariat, the principal administrative mechanism of the CCP, consisting of a party general secretary and 8 secretaries;
- The Party Military Commission, consisting of one chairman and four vice chairmen;
- The large Discipline Inspection Commission charged with rooting out corruption and malfeasance among Party cadres; and
- The Central Advisory Commission consisting of about 175 party elders.

All are elected directly by the Party Central Committee.

Legal System

China's leaders are determined to develop a legal system that will prevent the recurrence of the unchecked exercise of official authority and revolutionary excess of the Cultural Revolution. In November–December 1982, the Fifth Session of the Fifth National People's Congress adopted a new state constitution that emphasizes a rule by law under which even CCP members will theoretically be accountable. In keeping with the emphasis on predictability and the law, the NPC delegates also passed a number of new statutes. One effect will be to provide added assurances to foreigners transacting business with China that agreements and contracts will be honored and that arbitrary behavior will not be sanctioned.

In other legal developments, the first civil procedure law in the history of the People's Republic of China was promulgated for provisional use in 1982, filling a major gap in the legal system. The government announced that more than 300 laws and regulations, most of them economic, have been implemented since 1979, when the drive to establish a functioning legal system began. The use of mediation committees—groups of informed laypeople who resolve about 90% of China's civil disputes and some minor criminal cases, at no cost to the parties—continued to expand in 1982. There are more than 800,000 such committees, in both rural and urban areas. However, the dearth of lawyers and trained legal aides in China complicates the delivery of legal services. Law schools closed during the Cultural Revolution decade have been reopened, and the Chinese Government is committed to greatly expanded legal training.

EDUCATION

Although hampered by severe financial and personnel problems, China has made impressive progress in primary education since 1949. About 93% of eligible children are enrolled in first grade, though only 65% finish primary school. China's goal is to provide universal elementary school education by 1990.

Beyond the primary level, the gap in educational opportunity between China's

Principal Chinese Government and Party Officials

Party

Politburo Standing Committee
[in rank order]

Hu Yaobang—General Secretary, Chinese Communist Party Central Committee (CCP-CC)
Ye Jianying—Vice Chairman of the Central Military Commission[s]
Deng Xiaoping—Chairman, Central Advisory Commission and Central Military Commission
Zhao Ziyang—Premier, State Council
Li Xiannian—President, PRC
Chen Yun—First Secretary, Central Discipline Inspection Commission, CCP-CC

Other Full Politburo Members
[not in rank order]

Deng Yingchao—Chairman, CPPCC
Fang Yi—State Councilor; Minister in Charge of State Scientific and Technological Commission
Hu Qiaomu—Honorary President, Chinese Academy of Social Sciences
Li Desheng—Commander of the Shenyang Military Region
Ni Zhifu—Chairman, All China Federation of Trade Unions
Nie Rongzhen—Vice Chairman, Central Military Commission
Peng Zhen—Chairman, NPC Standing Committee
Song Renqiong—Member, CCP-CC
Ulanhu—Vice President, PRC
Yang Shangkun—Permanent Vice Chairman and Secretary General, Central Military Commission[s]
Yu Qiuli—Director, General Political Department, PLA and Member Central Military Commission[s]
Wan Li—Vice Premier, State Council
Wang Zhen—President, Central Party School
Wei Guoqing—Vice Chairman, NPC Standing Committee
Xi Zhongxun—Vice Chairman, NPC Standing Committee
Xu Xiangqian—Vice Chairman, Central Military Commission
Zhang Tingfa—Commander, Air Force

Alternate Politburo Members

Chen Muhua—Minister of Foreign Economic Relations and Trade
Qin Jiwei—Commander, Beijing Military Region
Yao Yilin—Vice Premier, State Council

Government

President—Li Xiannian
Vice President—Ulanhu
Chairman, NPC Standing Committee—Peng Zhen
Premier, State Council—Zhao Ziyang

Vice Premiers

Wan Li
Yao Yilin
Li Peng
Tian Jiyun

Ministers

Agriculture, Animal Husbandry and Fishing—He Kang
Astronautics Industry—Zhang Zun
Auditor General—Yu Mingtao
Aviation Industry—Mo Wenxiang
Chemical Industry—Qin Zhongda
Civil Affairs—Cui Naifu
Coal Industry—Gao Yangwen
Commerce—Liu Yi
Communications—Li Qing
Culture—Zhu Muzhi
Education—He Dongchang
Electronics Industry—Jiang Zemin
Finance—Wang Bingqian
Foreign Affairs—Wu Xueqian
Foreign Economic Relations and Trade—Chen Muhua
Forestry—Yang Zhong
Geology and Minerals—Sun Daguang
Justice—Zou Yu
Labor and Personnel—Zhao Shouyi
Light Industry—Yang Bo
Machine-Building Industry—Zhou Jiannan
Metalurgical Industry—Li Dongye
National Defense—Zhang Aiping
Nuclear Industry—Jiang Xinxiong
Ordnance Industry—Yu Yi
Petroleum Industry—Tang Ke
Posts and Telecommunications—Wen Minsheng
Public Health—Cui Yueli
Public Security—Liu Fuzhi
Radio and Television—Wu Lengxi
Railways—Chen Puru
Space Industry—Zhang Jun
State Security—Ling Yun
Textile Industry—Wu Wenying
Urban and Rural Construction and Environmental Protection—Li Ximing
Water Resources and Electric Power—Qian Zhengying

Heads of Commissions

State Economic—Zhang Jingfu
State Family Planning—Qian Xinzhong
State Nationalities Affairs—Yang Jingren
State Physical Culture and Sports—Li Menghua
State Planning—Song Ping
State Restructuring of Economic System—Zhao Ziyang
State Scientific and Technological—Fang Yi

rural and urban areas is wide. More and better-funded middle schools are in China's cities, including many key junior and senior middle schools, which funnel students on to college. About 65 million students are enrolled in China's 3-year junior and senior middle schools (ages 11–17). Only about 5% (300,000 per year) of senior middle school graduates—less than 1% of China's college-age population—gain admission to college. In 1983, 280,000 students received bachelor's degrees. During the course of the 5-year plan (1981–85), China aims to produce 1.5 million graduates at the bachelor level; new admissions of full-time university students are expected to reach 400,000 by 1985, up 42% over 1980.

China's higher education system suffered great damage during the Cultural Revolution decade (1966–76), and its full restoration began only in 1978. During the first 5 years of the Cultural Revolution, until about 1970, many colleges and universities were shut down. In 1978, for the first time since 1966, China's colleges and universities chose entrants on the basis of standardized entrance examinations and academic criteria rather than on political criteria. A major effort also was begun to restore the physical plants and personnel resources of colleges and universities to the pre-1966 level. In addition to more than 700 colleges and universities, enrolling more than 1 million students in 1982, other new facilities, including short-term colleges and "TV" universities have been opened to provide additional opportunities for higher education. Graduate education was reestablished, and by 1982 there were about 11,000 graduate students, most in scientific and technical fields. Approximately 3,000 students received master's degrees in 1983. In 1983, 18 students received doctorates.

Although China has sent students to the West since the early 1970s, beginning in 1978 the number of government-sponsored students rose greatly. By late 1982, there were about 6,000 official Chinese Government-sponsored students and research scholars and about 3,500 privately sponsored students in the United States.

ECONOMY

Trends and Policies

When the People's Republic was established in 1949, China's economy was suffering from severe dislocations caused by decades of war and inflation. The new government's immediate con-

cerns were to consolidate power, restore public order, and eliminate widespread unemployment and starvation.

Most of these problems were resolved by 1952, and in 1953 China launched the first 5-year plan. With national defense concerns foremost in mind, and impressed with the logic of the early Soviet experience, China centered its first plan on the rapid buildup of heavy industry. Many facilities were imported from the Soviet Union and installed with the aid of Soviet technicians. Agriculture, which furnished the greater share of the GNP, received little state investment.

Since 1957, the economy has managed considerable growth (average 6.4% per annum), despite major disruptions stemming from political turmoil and poor planning. The experiments of the Great Leap Forward plunged China into a depression in the early 1960s. Compounding these domestic difficulties was the withdrawal of Soviet assistance and technicians in August 1960 as the Sino-Soviet dispute broke into the open. Beijing responded to these traumas by reemphasizing its traditional determination to be "self-reliant" and began to direct a greater share of its investment toward agriculture. After a brief period of uninterrupted economic growth, politics—this time the Cultural Revolution and its aftermath—again disrupted the economy by injecting ideology into economic planning, damaging training and educational systems, and interrupting foreign trade.

In 1975, Premier Zhou Enlai outlined a new set of economic goals designed to elevate China to the status of a "front rank" economic power by the year 2000. This multistaged effort, described as the "four modernizations" program, aimed at achieving ambitious levels of production in Chinese agriculture, industry, science and technology, and national defense. It echoed a century-long Chinese search for means to restore the country to relative "wealth and power" in a world of technologically advanced civilizations. In 1976, the death of Chairman Mao, the arrest of the Gang of Four, and the gradual establishment of a new moderate government under Deng Xiaoping and Hua Guofeng sharply reduced the role of ideology in Chinese policy and thus removed the primary source of the disorder that had plagued China for the past decade. The stage was set for a more pragmatic look at the political and economic problems facing the country.

China's commitment to the "four modernizations" was reaffirmed in 1978 at the Fifth National People's Congress. A 10-year plan assigned a major role to massive imports of complete plants and technology from the West. By the end of the year, China had signed contracts committing itself to foreign purchases totaling $7 billion.

Poor economic performance during 1978, however, produced a more sober appraisal by the Chinese leadership of the gap between China's capabilities and its ambitions. In late 1978, at the Third Plenum of the CCP, the 10-year plan was replaced by a more moderate, short-term program aimed at improving domestic conditions—insufficient energy production, poor transportation, and other infrastructure gaps—that constrained economic development. The 1979–81 period was to be devoted to economic "readjustment." Hundreds of industrial capital construction projects were canceled or postponed, as resources were shifted away from heavy industry toward light industry and agriculture. At the same time, China's leaders attempted to decentralize economic decisionmaking to the local government and enterprise level.

Decentralization worked to some extent against the necessary "readjustments." Budget deficits, excessive capital construction (generated largely at the local and enterprise level), and problems in controlling inflation led in 1981 to a strong austerity program. Capital investment was cut back sharply. Many foreign contracts for imported plants and equipment were canceled or postponed, inefficient factories were closed, and acquisition of foreign technology was made more selective. Tighter central control was reintroduced to some aspects of economic planning

Key Statistics

(estimates)[1]

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Industrial output index														
(1957 = 100)	266	316	349	385	436	455	502	508	581	659	716	778	810	872
Production														
Coal (MT millions)	281.6	327.4	353.6	376.5	398.1	409	478	483	550	618	635	620	620	666
Crude oil (bpd millions)	0.43	0.6	0.77	0.9	1.14	1.36	1.54	1.74	1.87	2.08	2.12	2.12	2.0	2.04
Electric power (kWh billions)[2]	–	107.0	128.0	139.0	150.0	164.0	187	203.5	225.6	256.6	281.9	300.6	309.3	327.7
Steel (MT millions)	16	17.8	21	23	25	21	24	20.5	23.7	31.8	34.5	37.1	35.6	35.5
Cotton (MT millions)	1.8	2.0	2.2	2.1	2.6	2.5	2.4	2.3	2.0	2.2	2.2	2.7	3.0	3.6
Cotton cloth (Meter billions)	–	8.5	–	–	–	–	9.7	9	10.2	11	12.2	13.5	14.3	15.4
Grain (MT millions)	230	243	246	240	265	275	284	286	283	305	332	321	325	353.4
GNP (1980 $ billions)	252	282	301	312	351	364	388	395	429	479	520	272	280	301
Total foreign trade														
Current $ billions	3.9	4.4	4.6	5.8	9.7	13.5	13.9	12.9	14.8	20.5	27.9	38.2	39.6	39.2
Exports (f.o.b. $ billions)	2.1	2.2	2.5	3.2	5.1	6.8	7.1	7.3	8.2	10.2	13.5	18.9	21.6	22.4
Imports (c.i.f. $ billions)	1.8	2.2	2.1	2.6	4.6	6.7	6.8	5.6	6.6	10.3	14.4	19.3	18	16.8
US-PRC trade														
US exports (f.o.b. $ millions)	–	–	–	63	690	819	304	135	171	818	1,700	3,750	3,600	2,900
US imports (f.o.b. $ millions)	–	–	5	32	64	115	158	202	203	324	592	592	1,900	2,300

[1]CIA estimates as of March 1983.
[2]Blank indicates data not available.

earlier granted to local authorities. Indications began to appear that the original 3-year period of readjustment would be extended for several more years.

Current Policies

Since 1978, the premise of China's economic policy has been that consumer welfare, economic productivity, and political stability are indivisible. Emphasis has been placed on raising personal income and consumption and on introducing new productivity incentive and management systems.

Leaders attending the third session of the Fifth National People's Congress in August 1980 pressed ahead with these plans. In an accelerated drive toward readjustment and reform, they endorsed a controversial reform package that would reduce the role of central management in favor of a mixed, planned-market economy. Key elements are expanded self-management rights, introduction of greater competition in the marketplace, an easing of the tax burden on nonstate enterprises, and a new policy facilitating direct contact between Chinese and foreign trading enterprises.

The sixth 5-year plan (1981–85), announced in December 1982, presents in detail the leadership's strategy for laying a solid economic base to support the planned high growth of the late 1980s and the 1990s. The Chinese will make an ambitious attempt to control and direct growth while increasing the efficiency of management and investment spending. Planned budget and trade deficits, along with Premier Zhao's call for increased use of foreign funds, indicate that China will depend more on foreign financing and imports to meet its planned targets. The regime has decided to move cautiously on further implementation of reforms, but it still must search for the best combination of central planning and market-oriented reforms that will increase productivity, living standards, and technological quality without further exacerbating inflation, unemployment, and budget deficits. Prospects for successfully reforming the Chinese economy are limited; however, unless Beijing inaugurates a comprehensive program of price reform, which brings factory prices more in line with production costs and relative scarcities in the economy. Until price reform is implemented, all industrial reforms that attempt to improve economic efficiency by making enterprises responsible for their profits and losses will yield distorted results.

Commodities Composition, 1982[1]

IMPORTS	$ million	% of Total	EXPORTS	$ million	% of Total
Total	[2]16,081	100	**Total**	22,359	100
Foodstuffs & live animals	[2]3,485	22.0	**Foodstuffs & live animals**	3,635	16.0
Live animals	2	01.01	Live animals	384	1.7
			Meat and fish	783	3.5
Cereals and cereal preps.	2,477	15.0	Cereal and cereal preps.	577	2.6
Fruits and vegetables	99	0.6	Fruits and vegetables	1,000	4.5
Animal feedstuffs	35	0.2	Coffee, tea, and spices	339	1.5
Misc. food preps. and products	817	5.0	Tobacco	53	0.23
Beverages and tobacco	55	0.3	Other foodstuffs	499	2.2
Crude materials	2,270	14.0	**Crude materials**	7,239	32.0
Oilseeds and oilnuts	82	0.5	Hides and skins, undressed	73	0.3
Crude rubber	310	2.0	Oilseeds and oilnuts	253	1.0
Textile fibers	1,174	7.0	Textile fibers	488	2.2
Metalliferous ores	66	0.4	Crude fertilizer & minerals	289	1.3
Crude fertilizers & minerals	69	0.4	Metalliferous ores	140	0.63
Misc. materials	569	3.5	Crude animal & vegetable materials	476	2.1
			Coal and coke	580	2.6
Mineral fuels and products	157	0.9	Petroleum products	4,820	22.0
			Fixed vegetable oils	82	0.4
			Other materials	38	0.1
Chemicals	1,938	12.0	**Chemicals**	1,302	6.0
Elements and compounds	450	3.0	Elements and compounds	588	2.6
Dyestuffs	125	0.8	Medicines	198	0.8
Manufactured fertilizers	548	3.0	Manufactured fertilizers	7	0.3
Other chemicals	815	5.0	Other products	509	2.8
Semi-manufactured goods	4,027	25.0	**Semi-manufactured goods**	5,218	23.0
Paper and paperboard	189	1.0	Paper	173	0.8
Textile yarn and fabrics	1,145	7.0	Textile yarn and fabrics	3,153	14.0
Mineral manufactures	106	0.6	Mineral manufactures	467	2.0
Iron and steel	1,833	11.0	Iron and steel	267	1.9
Other products	754	5.0	Other products	1,158	5.2
Machinery and equipment	3,401	21.0	**Machinery and equipment**	756	4.0
Non-electric machinery	1,637	10.0	Non-electric machinery	311	1.4
Electrical machinery	870	6.0	Electric machinery	341	1.5
Transport equipment	894	6.0	Transport equipment	104	0.5
Misc. manufactured goods	669	4.0	**Misc. manufactured goods**	4,140	18.0
Furniture	9	0.6	Furniture	209	0.9
Clothing	49	0.3	Clothing	2,441	11.0
Precision instruments	326	2.0	Precision instruments	136	0.6
Other	285	2.0	Other	1,354	6.1
Other	134	0.8	**Other**	69	0.3

[1]Figures are rounded to nearest million. Because of rounding, components may not add to totals shown in bold. Totals may not compare exactly with direction of trade data in table "Trade by Area and Selected Countries." Direction of trade figures is revised monthly as partner countries make their trade statistics available. Commodity data, however, are updated only annually.

[2]Source: CIA statistics available June 1983.

Trade and Aid

Although China has long favored a policy of "self-reliance"—the restriction and diversification of imports and foreign credits to avoid dependence—the current leadership recognizes the need for foreign trade and technology in China's modernization strategy.

China trades with more than 150 countries. The regional breakdown of China's trade has taken a dramatic turn since 1960, when about 70% was with the Soviet Bloc. Today, Eastern Europe and the Soviet Union have been replaced largely by noncommunist states that account for more than 90% of China's trade. Foreign trade has expanded particularly rapidly since 1978 and in 1982 totaled almost $40 billion.

Import priorities are technology and equipment for sectors that have impeded

Trade by Areas and Selected Countries

($ millions)

	1981			
	Total	*Exports*	*Imports*	*Balance*
Total (all countries)	**39,587.4**	**21,642.9**	**17,944.5**	**3,698.5**
Noncommunist countries	**37,072.4**	**20,399.7**	**16,672.7**	**3,727.0**
Developed countries	22,782.5	10,043.1	12,739.4	-2,696.3
East Asia & Pacific	11,244.0	5,406.2	5,837.8	-431.6
Australia	978.7	339.7	639.0	-299.3
Japan	10,107.8	5,031.8	5,076.0	44.2
North America	6,437.2	2,058.2	4,379.0	-2,320.8
US	5,477.6	1,874.9	3,602.7	-1,727.8
Canada	959.6	183.3	776.3	-593.0
Western Europe[1]	5,101.3	2,578.7	2,522.6	56.1
France	717.1	443.0	274.1	168.9
FRG	1,685.4	668.8	1,016.6	-347.8
Italy	679.3	348.6	330.7	17.9
UK	569.6	317.3	252.3	65.0
Less Developed Countries	14,289.9	10,356.6	3,933.3	6,423.3
Southeast Asia[2]	9,853.9	7,319.6	2,534.3	4,785.3
Malaysia	349.8	261.4	88.4	173.0
Singapore	914.2	735.6	178.6	557.0
South Asia[3]	769.4	359.8	409.6	-49.8
Sri Lanka	82.8	37.4	45.4	8.0
Pakistan	443.6	171.7	271.9	-100.0
Middle East[4]	1,463.5	1,279.9	183.6	1,096.3
Kuwait	189.1	143.8	45.3	98.5
Syria	163.6	121.7	41.9	79.8
North Africa	317.8	222.6	95.2	127.3
Egypt	122.6	54.2	68.4	-14.2
Tunisia	29.0	18.5	10.5	8.0
Sub-Saharan Africa[5]	733.9	545.8	188.1	357.7
Nigeria	40.6	40.6	.0	40.6
Sudan	81.5	44.8	36.7	8.1
Latin America[6]	1,151.5	629.0	522.5	106.5
Argentina	111.6	19.5	92.1	-72.7
Brazil	429.7	360.2	69.5	290.7
Hong Kong[7]	7,235.8	5,271.5	1,964.3	3,307.2
Communist countries	**2,514.9**	**1,243.2**	**1,271.7**	**-28.5**
USSR	246.6	131.7	115.9	15.8
Eastern Europe[8]	1,447.2	746.4	45.6	–
Czechoslovakia	151.9	81.5	70.4	11.1
GDR	215.1	101.2	113.9	-12.7
Romania	794.2	398.4	395.8	2.6
Other[9]	820.1	365.1	455.0	-89.9

[1]Including Belgium, Netherlands, Spain, Sweden, and Switzerland.
[2]Including Hong Kong, Indonesia, Philippines, and Thailand.
[3]Including Bangladesh.
[4]Including Saudi Arabia, Iraq, United Arab Emirates, and Yemen Arab Republic.
[5]Including Cameroon and Zambia.
[6]Including Chile, Mexico, and Guatemala.
[7]Including entrepot trade with third countries.
[8]Including Hungary, Poland, and Yugoslavia.
[9]Including Kampuchea, Cuba, Mongolian Republic, Laos, North Korea, and Vietnam.

China's economic growth, including coal, electric power, petroleum, building materials, transportation, communications, and nonferrous metals. China also imports substantial quanities of grain and industrial materials, including chemical fertilizers and synthetic fibers. In 1982, imports were $16.08 billion, while exports reached $22.3 billion.

The importation of plant, equipment, and technology has required access to foreign financing, and—as the world's largest less-developed country—China has obtained large lines of credit from foreign governments and international financial institutions. In addition, specific policies encourage an incoming supply of foreign capital and simultaneous increase of China's export

Trade by Areas and Selected Countries

($ millions)

	1982			
	Total	*Exports*	*Imports*	*Balance*
Total (all countries)	**38,440.4**	**22,359.2**	**16,081.2**	**6,278.1**
Noncommunist countries	**35,818.3**	**21,004.2**	**14,814.1**	**6,190.1**
Developed countries	20,939.7	10,192.2	10,747.5	-555.3
East Asia & Pacific	9,801.5	5,412.3	4,389.2	1,023.1
Australia	1,103.0	288.7	814.3	-525.6
Japan	8,583.4	5,083.4	3,500.0	1,583.4
North America	6,357.4	2,440.2	3,917.2	-1,477.0
US	5,186.9	2,274.9	2,912.0	-637.1
Canada	1,170.5	165.3	1,005.2	-839.9
Western Europe[1]	4,780 9	2,339.8	2,441.1	-101.3
France	714 5	379.7	335.8	43.9
FRG	1,462.7	610.1	852.6	-242.5
Italy	582.4	372.1	210.3	161.8
UK	473.5	295.0	178.5	116.5
Less Developed Countries	14,878.6	10,812.0	4,066.6	6,745.4
Southeast Asia[2]	10,911.8	7,827.4	3,084.4	4,743.0
Malaysia	407.0	262.4	113.4	148.9
Singapore	1,079.0	838.6	240.4	598.2
South Asia[3]	588.6	340.6	248.0	92.6
Sri Lanka	48.3	40.0	8.4	31.6
Pakistan	293.3	141.5	151.8	-10.3
Middle East[4]	1,494.4	1,352.6	141.8	1,210.8
Kuwait	191.6	178.7	12.9	165.8
Syria	176.3	141.0	35.3	105.7
North Africa	334.1	216.7	117.4	99.2
Egypt	115.6	55.1	60.5	-5.4
Tunisia	53.2	19.2	34.0	-14.7
Sub-Saharan Africa[5]	632.2	493.4	138.8	354.6
Nigeria	41.3	41.3	.0	41.3
Sudan	78.0	45.5	32.5	13.0
Latin America[6]	917.6	581.4	336.2	245.2
Argentina	129.5	8.5	121.0	-112.5
Brazil	400.7	339.3	61.4	277.9
Hong Kong[7]	7,309.5	5,376.6	1,932.9	3,443.7
Communist countries	**2,622.1**	**1,355.0**	**1,267.1**	**88.0**
USSR	307.8	142.6	165.2	-22.6
Eastern Europe[8]	1,540.4	841.2	699.2	142.0
Czechoslovakia	145.2	82.9	62.3	20.5
GDR	203.7	102.9	100.8	2.1
Romania	755.3	405.0	350.3	54.7
Other[9]	773.9	371.2		

[1]Including Belgium, Netherlands, Spain, Sweden, and Switzerland.
[2]Including Hong Kong, Indonesia, Philippines, and Thailand.
[3]Including Bangladesh.
[4]Including Saudi Arabia, Iraq, United Arab Emirates, and Yemen Arab Republic.
[5]Including Cameroon and Zambia.
[6]Including Chile, Mexico, and Guatemala.
[7]Including entrepot trade with third countries.
[8]Including Hungary, Poland, and Yugoslavia.
[9]Including Kampuchea, Cuba, Mongolian Republic, Laos, North Korea, and Vietnam.

capabilities. These policies include joint ventures, trade compensation arrangements, and establishment of "special economic zones" for foreign investors interested in manufacturing for export to hard-currency countries.

China's trade practices are cautious and conservative. Nevertheless, China is moving rapidly toward greater economic interdependence with industrialized Western nations and, to a lesser extent, with the Third World.

Although it is a deve' ping country, China has a modest program of foreign aid designed to bolster national pride and counter Soviet influence in the Third World. Asian and African develop-

China's Top 10 Trading Partners

Total trade in $ millions

	1980		1981		1982	
1.	Japan	9,247	Japan	10,107.8	Japan	8,583.4
2.	Hong Kong	5,649	Hong Kong	7,235.8	Hong Kong	7,309.5
3.	US	4,810	US	5,477.6	US	5,186.9
4.	FRG	1,848	FRG	1,685.4	FRG	1,462.7
5.	Romania	1,160	Australia	978.7	Canada	1,170.5
6.	Australia	1,015	Canada	959.6	Australia	1,103.0
7.	UK	874	Singapore	914.2	Singapore	1,079.0
8.	Canada	862	Romania	794.2	Romania	755.3
9.	France	710	France	717.1	France	714.5
10.	Italy	709	Italy	679.3	Italy	582.4

ing countries have been the primary beneficiaries, receiving Chinese grants and credits amounting to more than $5 billion between 1953 and 1981. Only about one-half of the amount extended has been drawn down. Chinese aid is interest free, usually in the form of small, labor-intensive, light industrial projects, of which textile mills are the most popular. Terms require that any Chinese employed on the projects be paid at local wage scales.

Agriculture and Industry

China's economy is dominated by agriculture, although only 11% of the land is suitable for cultivation. Virtually all arable land is used for crops, and China is the world's largest producer of rice, potatoes, millet, peanuts, tobacco, tea, and pork. Major industrial crops include cotton and other fibers, sugar, and various oilseeds. Although intensive cultivation techniques already secure high yields on many of its major crops, China hopes to increase agricultural production even further through improved plant stocks and technology. Agricultural exports furnish a large portion of China's foreign trade revenue.

An expanding but still inadequate manufacturing sector supplies China's capital and consumer goods. Major industries are iron and steel, coal, machine building, armaments, and textiles. Shortages exist in the manufacture of complex machinery and equipment. The lack of a comprehensive transportation system is a major hindrance to China's developing industry. A better rail system and other transport-related projects are part of an ongoing improvement program.

Energy and Mineral Resources

China possesses vast, largely untapped energy resources. Energy shortages resulting from past mismanagement will probably impede China's economic development for the next several years. Chinese policies encourage investment in energy exploration and development. Domestic energy needs are supplied by coal (70%), oil (24%), hydroelectric power (3%), and natural gas (3%).

Coal is by far China's most important source of primary energy. With 540 billion metric tons (MT) of identified and recoverable reserves, China's total coal resources are exceeded only by those of the United States and the Soviet Union. The Chinese anticipate coal exports of 10.8–14.4 billion MT per year in the mid-1980s. but they will need to improve the meager transportation facilities to meet this goal. In 1982, China produced 606 million MT of coal.

Oil. China is the world's eighth largest oil producer. Although most is consumed domestically, China also exported 300,000 barrels of petroleum and petroleum products per day in 1982 and plans to maintain this level.

Natural Gas. China produced almost 12 billion cubic meters of natural gas in 1982. However, Beijing has announced no plan to expand natural gas development.

Electric Power. China's electric power generation has grown from a level of 4.3 billion kilowatt hours (kWh) in 1949 to almost 328 billion kWh in 1982. Generation, transmission, and control technologies, however, are still 10–20 years behind the West's, and local power shortages are frequent. Although China has the world's greatest hydroelectric potential, only 3% of its capacity is being tapped. The Chinese are undertaking an ambitious hydroelectric development program to exploit this potential and to lessen power shortages.

Minerals. China's metal and mineral resources, though believed to be substantial, are largely unexplored. China is a major producer and exporter of tin, antimony, tungsten, fluorspar, and talc. China also exports strategic metals such as molybdenum, titanium, tantalum, and vanadium. China is evidently deficient in the reserves and production of copper, chromite, nickel, and zinc.

FOREIGN RELATIONS

Since early 1982, China has placed increasing importance on building closer ties with the Third World but still emphasizes the need to oppose "hegemonism" and to safeguard world peace. These goals are designed to create a secure international strategic environment for China and to foster good relations with countries that can aid the nation's economic development. To this end, China looked to the West for assistance with its modernization drive and for help in countering Soviet expansionism, which it continued to characterize as the greatest threat to its national security and to world peace.

These efforts flow from China's roles as an historic great power in East Asia and as the world's largest developing country. China maintained its consistent opposition to "superpower hegemonism," focusing on the expansionist actions of the Soviet Union and Soviet proxies such as Vietnam and Cuba, but it also placed growing emphasis on a foreign policy independent of both superpowers. In keeping with its moderate repositioning toward the Third World, China closely follows economic and other positions of the Nonaligned Movement, although China is not a formal member.

Since its establishment the People's Republic has sought to gain international recognition for its position that it is the sole legal Government of China, including Taiwan. Since the early 1970s, Beijing has essentially achieved this goal. Beijing assumed the China seat in the United Nations in 1971 and became increasingly active in multilateral organizations. The number of countries that have transferred diplomatic relations from Taipei to Beijing has risen to 125, leaving only about 23 that still consider Taipei as the seat of China's government.

In the 1960s, after their falling out with the U.S.S.R., the Chinese competed with the Soviets for political influence among communist parties and in the developing world generally. Following

the 1968 Soviet invasion of Czechoslovakia and clashes in 1969 on the Sino-Soviet border, Chinese opposition to the Soviet Union increasingly reflected concern over China's own strategic position. In late 1978, the Chinese also became concerned over Vietnam's efforts to establish open control over Laos and Kampuchea and to exert pressure on Thailand. In response to the Soviet-backed Vietnamese invasion of Kampuchea, China fought a brief border war with Vietnam (February–March 1979) with the stated purpose of "teaching Vietnam a lesson." The Chinese were and are concerned about expanding Soviet access to Vietnamese and other military facilities in Indochina. Chinese anxiety about Soviet strategic advances was heightened following the Soviet Union's December 1979 invasion of Afghanistan, which extended the Soviet encirclement of China and threatened the security of Pakistan, its long-term ally. Sharp differences between China and the Soviet Union persist over Soviet support for Vietnam's continued occupation of Kampuchea, the Soviet invasion of Afghanistan, and the Soviet military buildup along the Sino-Soviet border, including Mongolia. Sino-Soviet talks on these and other issues began in October 1982. Subsequent rounds were held in March and October 1983. These talks have produced no apparent breakthrough on major differences, but bilateral trade and cultural exhanges have increased.

China continued to make strong efforts to reduce other border tensions by strengthening relations with North Korea and maintaining close and cordial ties with Japan. It also cultivated a more cooperative relationship with members of the Association of South East Asian Nations (Malaysia, Singapore, Thailand, Indonesia, and the Philippines), and began border talks and increased nonpolitical exchanges with India. Further afield, Premier Zhao Ziyang's month-long visit to Africa in 1982–83 underscored the importance China attaches to this region and to strengthening Third World ties.

Useful Addresses

Official Contacts

Office of Chinese Affairs
US Department of State
Washington, DC 20520
Tel. (202) 632-6300

American Embassy at Beijing
17 Guanghua Lu
Beijing, People's Republic of China
Tel. 522-033
Ambassador: Arthur W. Hummel, Jr.

American Consulate General at Guangzhou
Dongfang Hotel
Guangzhou, People's Republic of China
Tel. 61-582
Consul General: Wever Gim

American Consulate General at Shanghai
1469 Huaihai Zhong Lu
Shanghai, People's Republic of China
Tel. 373-103
Consul General: Thomas S. Brooks

Chinese Foreign Trade Contacts

Embassy of the People's Republic of China
2300 Connecticut Avenue NW
Washington, DC 20008
Tel. (202) 328-2520

Consulate General of the People's Republic of China
520 12th Avenue
New York, NY 10036
Tel. (212) 279-4260

Consulate General of the People's Republic of China at San Francisco
1450 Laguna Street
San Francisco, CA 94115
Tel. (415) 563-4885

Consulate General of the People's Republic of China at Houston
3417 Montrose Blvd.
Houston, TX 77006
Tel. (713) 524-0780

US-China Trade Advice

US Department of Commerce
Industry and Trade Administration
Office of East-West Affairs
PRC Affairs Division—Room 4044
Washington, DC 20230
Tel. (202) 377-3583

or

Office of East-West Trade Development
Trade Development Assistance Division—Room 4816
Washington, DC 20230
Tel. (202) 377-2835

National Council for US-China Trade
1050 17th Street NW
Suite 350
Washington, DC 20036
Tel. (202) 828-8300

Travel Contacts

China Travel Service (Luxingshe)
Head Office: Xidan Building, Beijing
Tel. 667-850
Hong Kong: 77 Queens Road, Central
Tel. 5-259121

Cultural Exchange

US-China Educational Clearinghouse
1860 19th Street NW
Washington, DC 20009
Tel. (202) 462-4811
(202) 389-6795

Committee on Scholarly Communication with the People's Republic of China
National Program for Advanced Studies and Research in China
2101 Constitution Avenue NW
Washington, DC 20418
Tel. (202) 389-6136

National Committee on US-China Relations
777 United Nations Plaza—Room 9B
New York, NY 10017
Tel. (212) 682-6848

DEFENSE

China's armed forces number about 4.2 million—80% ground forces—and absorb 7%–8% of China's GNP. Although the People's Liberation Army (PLA) is chiefly a land-based force, China has a large navy, composed mainly of coastal patrol craft along with a growing number of submarines and destroyers. Although the Chinese Air Force is the world's largest, it mainly comprises aging fighter and interceptor aircraft.

China's defense strategy seeks to take advantage of the country's large size and population. Chinese strategists envisage permitting enemy forces to penetrate deep inside China, eventually overwhelming them by conventional and guerrilla operations. An armed militia, estimated at 7–9 million strong, backs up regular PLA units. The PLA's capacity to wage large-scale operations is severely restriced, however, by limited logistical resources and transport facilities.

China is divided into 11 military regions and further subdivided into 29 military districts, which are subordinate to the PLA General Staff. Supreme command authority rests with the CCP and State Military Affairs Commissions, which also exercise political control over the military through a parallel but interlocking chain of command of political commissars. The role of the Ministry of National Defense is largely administrative.

The PLA maintains a diminished but still active role in party organizations. The PLA sends a number of representatives to the NPC, and its most senior officers participate in leadership councils.

China's nuclear weapons program, aided at an earlier stage by the Soviet Union, resulted in the detonation of a nuclear device at Lop Nor in Western China on October 15, 1964. Since then, the Chinese have conducted about two dozen additional nuclear tests, including three underground. China has deployed a modest force of medium- and

intermediate-range ballistic missiles and limited-range intercontinental ballistic missiles. In May 1980, China tested a full-range intercontinental ballistic missile over an 8,046-kilometer (5,000 mi.) course. Development and deployment of a ballistic missile-carrying submarine is underway. China has declared that, in any conflict, it would never be the first to use nuclear weapons. The PLA leadership is attempting to update its weaponry and develop greater professionalism in the armed forces. The pace of this effort is restricted by budgetary limitations and the PLA's ability to absorb sophisticated technology. China's military modernization is based on the principle of self-reliance, aided by selected imports from the West to supplement its indigenous production.

Commerce Handbook

The US Department of Commerce publishes a handbook entitled *Doing Business With China*. It contains information on market research, foreign trade corporations, contract negotiations, shipping and insurance, PRC tariffs, a section on travel in China, and other topics of interest to Americans who want to do business with China. The publication may be purchased from the Superintendent of Documents, US Government Printing Office, Washington, DC 20402.

Transportation and Telecommunications

Railroads: (1982) 50,500 km. (31,379 mi.)

Highways: 907,000 km. (563,599 mi.); about 60% improved, 40% unimproved.

Inland waterways: 138,600 km. (67,481 mi.); 136,000 km. navigable.

Merchant marine: The third largest in the world.

- Average ship size about 18,000 DWT;
- Total tonnage about 11 million DWT.

Ports: 15 major and 180 minor.

Aviation:

- 160 domestic routes serving more than 80 cities;
- 4 international airports served by 13 international carriers.

Telephones: About 2.4 million in service.

Television: 276 broadcast and rebroadcast stations; over 15 million TV receivers.

Radio:

- 300 AM, 10 FM transmitters;
- 99 main broadcast stations;
- 50 million radio receivers;
- 140 million wired broadcast receivers.

Satellites: Three standard international communications ground stations.

U.S.-CHINESE RELATIONS

1949–72

Although the American Embassy moved to Taipei with Chiang Kai-shek, U.S. diplomats and consular officials remained in China after the proclamation of the People's Republic in October 1949. The new government was hostile to this official American presence, and all U.S. personnel were withdrawn in early 1950. Any remaining hope of normalizing relations ended when U.S. and Chinese communist forces fought on opposing sides in the Korean conflict.

Beginning in 1954 and continuing until 1970, the United States and China held 136 meetings at the ambassadorial level, first at Geneva and later at Warsaw. Although some progress was made in early years, by the 1960s the talks were stalemated. Finally in the late 1960s, U.S. and Chinese political leaders decided that good bilateral relations were in their common interest. In 1969, the United States initiated measures to relax trade restrictions and other impediments to bilateral contact. On July 15, 1971, President Richard Nixon announced that his Assistant for National Security Affairs, Dr. Henry Kissinger, had made a secret trip to Beijing to initiate direct contact with the Chinese leadership and that he, the President, had been invited to visit China. In February 1972, President Nixon traveled to Beijing, Hangzhou, and Shanghai. At the conclusion of his trip, the U.S. and Chinese Governments issued the "Shanghai Communique," a lengthy statement of the differences and similarities in the foreign policy views of the two governments.[1] In the communique, both nations pledged to work toward the full normalization of diplomatic relations. The United States acknowledged that all Chinese on either side of the Taiwan Strait maintain that there is only one China and that Taiwan is part of China and agreed not to challenge this position. This statement enabled the two sides temporarily to set aside the "crucial question obstructing the normalization of relations"—Taiwan—and to open trade and other contacts.

[1]For the complete text of the Shanghai Communique, see the *Department of State Bulletin*, March 20, 1972.

The Liaison Office Era, 1973–78

In an effort to regularize bilateral contact and build substantive relationships toward the establishment of normal diplomatic relations, the United States and China agreed in 1973 to open non-diplomatic liaison offices in each other's capitals. The U.S. Liaison Office (USLO) in Beijing and a counterpart Chinese office in Washington, D.C., were set up in May 1973. In the years between 1973 and 1978, such distinguished Americans as David Bruce, Thomas Gates, George Bush, and Leonard Woodcock served as chief of USLO with the personal rank of ambassador.

President Gerald Ford visited China in 1975 and reaffirmed the U.S. commitment to the goal of normalized relations with Beijing. Shortly after taking office in 1977, President Jimmy Carter also endorsed this objective of the Shanghai Communique. Finally, the United States and China announced on December 15, 1978 that the two governments had agreed to establish diplomatic relations as of January 1, 1979.

The Normalization Understanding

In the Joint Communique on the Establishment of Diplomatic Relations dated January 1, 1979, the United States transferred diplomatic recognition from Taipei to Beijing.[2] The U S. reiteration of its Shanghai Communique acknowledgment of the Chinese position that there is only one China and that Taiwan is a part of China elicited agreement from Beijing that the American people would maintain commercial, cultural, and other unofficial contacts with the people of Taiwan. The Taiwan Relations Act made the necessary changes in U.S. domestic law to permit such unofficial relations with Taiwan to continue.

U.S.-Chinese Relations Since Normalization

Vice Premier Deng Xiaoping's January 1979 visit to Washington, D.C., initiated a series of important, high-level exchanges. Out of these exchanges came many agreements, especially in the fields of scientific, technological, and cultural interchange and in matters affecting trade relations. On March 1, 1979, the United States and China formally established embassies in Beijing and Washington. During 1979, outstanding private claims were resolved and a bilateral trade agreement was conclud-

[2]For the full texts of the Joint Communique and the U.S. and P.R.C. statements at the time of normalization, see the *Department of State Bulletin*, January 1979.

ed. In September 1980, the United States and China concluded agreements on maritime affairs, civil aviation links, and textile matters, as well as a bilateral consular convention. These were quickly followed by agreements on investment insurance and long-term grain trade.

During 1980, the two nations also began consultations on a wide range of defense and strategic matters. During his trip to Beijing in January 1980, Defense Secretary Harold Brown began talks on the transfer of U.S. technology to assist China's economic and defense modernizations and announced that the United States was prepared to consider exporting to China certain military items and technology. In March 1980, the Department of State listed categories of materiel—including communciations and transport equipment—the United States would consider, on a case-by-case basis, for export to China.[3]

During a series of high-level and working-level contacts initiated in 1980, the U.S.-Chinese diplomatic dialogue came to cover global and regional strategic problems, politico-military questions, UN and other multilateral organization affairs, arms control, regional political and economic problems, and international narcotics matters.

In February 1981, the Reagan Administration reaffirmed the U.S. commitment to respect the principles of the 1979 Communique on the Establishment of Diplomatic Relations, stating that continued efforts to normalize the U.S.-P.R.C. relationship, while maintaining informal links with the people of Taiwan, are a strategic imperative for international stability and world peace.

The positive developments that followed normalization began to founder in late summer 1981 on the issue of U.S. arms sales to Taiwan, an historical problem that was left unresolved at the time of normalization. Secretary of State Alexander Haig visited China in June 1981 in an effort to allay Chinese concerns about U.S. intentions toward Taiwan. However, the Vice Chief of Staff of the Chinese Army canceled his trip to the United States in the fall of 1981 pending a decision by the United States whether to sell fighter aircraft, known as the F-X, to Taiwan. The United States decided against the sale of the F-X but announced in January 1982 that it would extend the co-production on Taiwan of F5-E fighter aircraft.

The next 8 months of often contentious negotiations—a period that included Vice President Bush's visit to China in May—produced the U.S.-China Joint Communique of August 17, 1982.[4] The purpose of the communique was to provide a framework for addressing this important issue. In the communique, the Chinese described as a fundamental policy their effort to strive for a peaceful solution to the Taiwan question. The United States stated that "its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years" since normalization of U.S.-China relations, and that "it intends to reduce gradually its sales of arms to Taiwan."

During Secretary of State George Shultz's visit to Beijing in February 1983, both countries agreed on the importance of building strong, stable, and enduring U.S.-China relations. However, China's decision to suspend official cultural and sports exchanges with the United States in retaliation for the U.S. granting of political asylum to a Chinese tennis player raised questions about how this objective would be pursued.

The most rapid expansion in U.S.-Chinese relations during the post-normalization period has been in commerce. A broad series of economic agreements—trade, maritime, civil aviation, textiles, grain, Export-Import Bank, a limited tax treaty, and OPIC [Overseas Private Investment Corporation] investment insurance—have facilitated trade and established a strong framework for future economic inter-

[3]Munitions Control Newsletter No. 81.

[4]For the complete text of the August 17 Joint Communique, see *Current Policy No. 413*, published by the State Department's Bureau of Public Affairs, August 1982.

Taiwan

History: Taiwan was attached administratively to Fujian Province in 1683; the imperial Chinese Government made it a separate province in 1886. In 1895, as a result of the first Sino-Japanese War, China was forced to cede the island to the Japanese Empire. Japanese rule continued on the island until 1945, when the Republic of China formally "repossessed" Taiwan and unilaterally proclaimed its retrocession to China under the Cairo and Potsdam agreements. Chiang Kai-shek's Chinese Government established control of the island, but not without opposition from the inhabitants. After the victory of the Chinese Communist Party (CCP) in the 1949 civil war on the mainland, the Kuomintang (KMT) established a government-in-exile in Taipei. Its fall to the CCP was considered imminent in early 1950; the US decided not to intervene to prevent this outcome.

US involvement: American disinterest ended with the June 1950 North Korean invasion of South Korea. The US interposed the Seventh Fleet in the 160 km.-wide Taiwan Strait for two reasons:

- To prevent either party to the Chinese civil war from widening the Korean conflict into a general Asian war; and
- To prevent Taiwan from falling into hostile hands from which it might menace the security of American forces in Japan.

As the Korean conflict dragged on and the Chinese communists joined it, the US gradually resumed and expanded its economic and military aid to the KMT authorities on Taiwan and extended a security commitment to them. This commitment was formalized in a 1954 Mutual Defense Treaty with the Republic of China.

Taiwan's development: Under American tutelage and protection, Taiwan's economy developed rapidly along capitalist lines. Although the KMT remained a Leninist party, and its structure paralleled that of the CCP on the mainland and of the Soviet Communist Party that tutored both, by the late 1960s Taiwan's political life was evolving away from the 1950s' rigid authoritarianism. The island gradually emerged as an economic and social entity in its own right. With strong economic ties with the US, Japan, and the flourishing economies of noncommunist Asia and Europe, Taiwan blossomed into a model of successful developmental economics. The US ended all economic assistance to Taiwan in 1965 and phased out all military aid in the mid-1970s.

Derecognition of Taiwan: The US recognized the Republic of China at Taipei as the legal government of China until January 1, 1979, when recognition and diplomatic relations were transferred to the People's Republic of China at Beijing. Notice of the termination of the Mutual Security Treaty with Taiwan was given on the same date; the treaty expired on December 31, 1979. Since then, the US has continued sales of carefully selected defensive weapons to the island on a restrained basis despite Beijing's strong disagreement with this policy. The August 1982 communique was an attempt to establish a framework for resolving US-China differences over this issue.

Cultural, commercial, and other unofficial relations between the American people and the people of Taiwan are conducted by and through a nonprofit corporation, the American Institute on Taiwan (AIT), operating under the authority of the Taiwan Relations Act (PL 96-8). AIT maintains offices at Taipei and Kaohsiung in Taiwan.

Separate *Background Notes*, describing Taiwan's distinctive political, economic, and social situation in detail, have been made available as a convenience to the public. They may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

change. The recently renewed bilateral trade agreement represents the keystone to normal commercial relations and provides for reciprocal, nondiscriminatory treatment of each country's products, including most-favored-nation treatment.

The development of U.S.-China commercial relations is facilitated by three joint commissions that provide for high-level discussions and review on economic issues of importance to both sides. The U.S.-China Joint Economic Committee has met annually since the fall of 1980 to review the development of the overall economic relationship. A Science and Technology Commission has also met annually to oversee the 21 scientific and technical exchange programs being carried out under an umbrella science and technology agreement. A new Joint Commission on Commerce and Trade met in Beijing in May 1983 to discuss trade policy, cooperation in industrial fields, and trade-related legal and regulatory matters.

Since normalization of economic and commercial relations, trade between the United States and China has expanded rapidly. Total two-way trade, which had doubled between 1978 and 1979, and again between 1979 and 1980, reached $5.5 billion in 1981. The level of trade declined slightly in 1982, reflecting a slowdown in U.S. exports, as well as moderation in the growth of U.S. imports from China. Agricultural commodities are the major U.S. export to China. However, the share of agricultural products to China has declined from 70% in 1978 to 51% in 1982, reflecting a more rapid expansion of U.S. nonagricultural exports. Although future trade levels will be affected by economic factors in China and the United States, the success of China's modernization program is expected to lead to increased purchases from the United States. Overall, China is the United States' 20th world trading partner (counting European Community countries separately), and the United States is China's third largest trading partner, behind Japan and Hong Kong.

It is U.S. policy to continue to promote the development of U.S.-China trade and to support China's modernization efforts.

Since 1980, U.S. export control policy toward China has undergone periodic review and liberalization. In June 1983, the U.S. Government further liberalized policy in order to expand the flow of U.S. technology to China. The move was intended to emphasize that sales to China should take place on a basis similar to that with other friendly countries. Although export license applications will continue to be reviewed under national security procedures, guidelines established under this policy will identify the high technology items that can be licensed expeditiously for China.

U.S.-China relations took an upward turn in the last half of 1983. Secretary Weinberger visited Beijing in September. Plans were also announced for Premier Zhao Ziyang to visit Washington in January 1984, the first such trip by a Chinese Premier to the United States. In turn, President Reagan accepted Premier Zhao's invitation to visit Beijing in April 1984.

Beyond these high-level exchanges, a large and growing number of unofficial cultural exchange activities have given the American and Chinese peoples broad exposure to each other's cultural, artistic, and educational achievements. As many as 200 Chinese professional and official delegations visit the United States each month. More than 125,000 Americans visited China in 1982. More than 13,000 Chinese scholars and students have come to the United States since the normalization of relations. Hundreds of Americans are working, researching, or studying in China. Since early 1979, the United States and China have initiated hundreds of joint research projects and cooperative programs under the agreement on cooperation in science and technology. These programs are now in 21 fields, from high energy physics to earthquake studies, and more are under consideration. The Joint Science and Technology Commission, which held its third annual meeting in Beijing in May 1983, is primarily responsible for issues related to this program of cooperation.

Diplomatic, consular, and trade facilitation services have been upgraded since 1979. The United States has established consulates general at Guangzhou (Canton) and Shanghai and plans to open a consulate in Shenyang in the near future. China maintains consulates general at Houston, San Francisco, and New York. In the next few years, the United States plans to open consulates at Chengdu and Wuhan, and China plans to establish consulates at Chicago and Honolulu. ■

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